

Message Text

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SUBJECT: GOVERNMENT NAMES MEMBER OF FOREIGN INVESTMENT REVIEW BOARD

REF: CANBERRA 2493

BEGIN UNCLASSIFIED

1. ON APRIL 8 THE TREASURER ANNOUNCED NAMES OF MEMBERS
OF NEWLY CREATED FOREIGN INVESTMENT REVIEW BOARD. THEY
ARE:

A. MR. BEDE B. BALLAGHAN, 64 WHO HAS BEEN MANAGING
DIRECTOR, COMMONWEALTH BANKING CORPORATION (A
GOVERNMENT-CONTROLLED INSTITUTION) SINCE 1965.
CALLAGHAN WAS GENERAL MANAGER OF THE COMMONWEALTH
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DEVELOPMENT BANK FROM 1959-65 AND WAS A FORMER

EXECUTIVE DIRECTOR OF THE IMF, IBRD AND THE
INTERNATIONAL FINANCE CORPORATION.

B. SIR WILLIAM W. PETTINGELL, 61, WHO HAS BEEN A
DIRECTOR OF THE RESERVE BANK OF AUSTRALIA SINCE
1961. PETTINGELL HAS BEEN A COMMISSIONER OF THE
SYDNEY CITY COUNCIL SINCE 1967, HE WAS PRESIDENT
OF THE NEW SOUTH WALES CHAMBER OF MANUFACTURERS
FROM 1965-67 AND WAS FEDERAL PRESIDENT FROM 1967-68.
PETTINGELL SERVED AS GENERAL MANAGER OF THE
AUSTRALIAN GAS LIGHT COMPANY FROM 1952-74 AND HAS
SINCE SERVED AS A DIRECTOR. HE HAS ALSO BEEN
DEPUTY CHAIRMAN OF AUSTRALIAN CONSOLIDATED INDUSTRIES,
HANIMEX CORP. LTD. SINCE 1974 AND IS A DIRECTOR
OF NUMEROUS OTHER COMPANIES.

C. M.A. (TIM) BESLEY, FIRST ASSISTANT SECRETARY, FOREIGN
INVESTMENT DIVISION, THE TREASURY.

2. CALLAGHAN, WHO WILL BE THE CHAIRMAN, AND PETTINGELL
WILL SERVE PART TIME, WHILE BESLEY IS THE SOLE FULL TIME
MEMBER. IT IS EXPECTED THAT THE BOARD WILL MEET AT LEAST
ONCE A MONTH, BUT THE BULK OF THE SCREENING WORK ON
FOREIGN INVESTMENT PROPOSALS WILL REMAIN IN THE TREASURY.
THE FINAL AUTHORITY ON ANY FOREIGN INVESTMENT MATTER WILL
REMAIN WITH THE TREASURER HIMSELF, AND THE BOARD WILL
FULFIL AN ADVISORY ROLE SIMILAR TO THAT PREVIOUSLY PLAYED
BY THE INTERDEPARTMENTAL FOREIGN INVESTMENT ADVISORY
COMMITTEE. THE GOVERNMENT IS TO INTRODUCE LEGISLATION
TO PROVIDE A STATUTORY BASIS FOR THE BOARD'S EXISTENCE.

3. THE STATED PURPOSES OF THE BOARD ARE TO:

A. ADVISE THE GOVERNMENT ON FOREIGN INVESTMENT MATTERS
INCLUDING THE NEED FOR AND SCOPE OF A FOREIGN
INVESTMENT REVIEW ACT.

B. FOSTER AN AWARENESS AND UNDERSTANDING OF THE
GOVERNMENT'S POLICIES IN THE GENERAL AND BUSINESS
COMMUNITIES.
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C. WORK TOWARDS A HIGH LEVEL OF AUSTRALIAN PRIVATE
CAPITAL PARTICIPATION IN NEW INVESTMENT UNDER-
TAKINGS.

D. GIVE GUIDANCE TO FOREIGN INVESTORS ON PROPOSALS
THAT FAIL TO SATISFY POLICY GUIDELINES AND SEEK
WAYS OF SATISFYING THE GUIDELINES.

E. ESTABLISH LIAISON WITH STATE GOVERNMENTS.

F. KEEP INFORMED ABOUT THE ACTIVITIES OF FOREIGN
CONTROLLED BUSINESSES ALREADY ACTIVE IN AUSTRALIA.

G. CONSIDER THE DESIRABILITY OF MAINTAINING A REGISTER
OF FOREIGN INVESTMENT PROPOSALS.

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4. COMMENT: THE DISCUSSION OF THE POSSIBILITY OF A
FOREIGN INVESTMENT REVIEW ACT IS CONSISTENT WITH
TREASURER LYNCH'S OFT-STATED DESIRE TO INCLUDE A
PRECISE STATUTORY DEFINITION OF "NATIONAL INTEREST"
IN FOREIGN TAKEOVERS AND INVESTMENT LEGISLATION. WE
UNDERSTAND THAT TREASURY OFFICIALS HAVE RESISTED THIS
SUGGESTION, PARTLY BECAUSE OF THE DRAFTING DIFFICULTIES
THAT WOULD BE ENCOUNTERED AND PARTLY FROM A DESIRE TO
RETAIN MORE FLEXIBILITY THAN A STATUTORY DEFINITION
WOULD ALLOW. THE MAINTENANCE OF A FOREIGN INVESTMENT
REGISTER WOULD BE IN LINE WITH CURRENT PRACTICE IN
THE DOMESTIC TAKEOVERS FIELD.
HARGROVE

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